

**Supplemental Reporting Document  
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December 2005 Investment Committee Meeting  
(October 2005 Reporting Period)**

**Chief Investment Officer's/Assistant Executive Officer's Report**

Asset Allocation

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Status Report

Disclosure of Closed Session Action Items

# TARGET PERCENTAGE COMPARISON ASSET ALLOCATION<sup>1</sup> As of October 31, 2005

<b>(A)</b> <b><u>Asset Class</u></b>	<b>(B)</b> <b><u>Market Value</u></b> <b>(\$ Billion)</b>	<b>(C)</b> <b><u>Current</u></b> <b><u>Allocation</u></b>	<b>(D)</b> <b><u>Target</u></b>	<b>(E)</b> <b><u>Macro</u></b> <b><u>Ranges</u></b>	<b>(F)</b> <b><u>Difference</u></b> <b><u>(C-D)</u></b>
<b>Total Cash Equivalents</b>	<b>2.5</b>	<b>1.3 %</b>	<b>0.0 %</b>		<b>1.3 %</b>
<b>Total AIM: Direct/Partnership</b>	<b>10.0</b>	<b>5.1</b>	<b>6.0</b>	<b>3-9 %</b>	<b>-0.9</b>
<b>Total Global Fixed Income</b>	<b>49.1</b>	<b>25.3</b>	<b>26.0</b>	<b>21-31 %</b>	<b>-0.7</b>
<b>Equities</b>					
Domestic <sup>2</sup>	<b>77.7</b>	<b>40.1</b>	<b>40.0</b>		<b>0.1</b>
International	<b>45.2</b>	<b>23.3</b>	<b>20.0</b>		<b>3.3</b>
<b>Total Equities</b>	<b>122.9</b>	<b>63.4</b>	<b>60.0</b>	<b>61-71 %</b>	<b>3.4</b>
<b>Total Real Estate</b>	<b>9.4</b>	<b>4.8</b>	<b>8.0</b>	<b>4-12 %</b>	<b>-3.2</b>
<b>Total Equities &amp; Real Estate</b>	<b>132.3</b>	<b>68.3</b>	<b>68.0</b>		<b>0.3</b>
<b>Total Fund</b>	<b>193.8</b>	<b>100.0 %</b>	<b>100.0 %</b>		

<sup>1</sup> As allocated to managers.

<sup>2</sup> Included is MDP Investment: LM Capital Investment: Total Market Value=\$178.4M.

\* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.  
When summing net amounts on this report, there may be breakage.

# TARGET DOLLAR COMPARISON

## ASSET ALLOCATION

As of October 31, 2005

(A) <u>Asset Class</u>	(B) Current <u>Allocation</u>	(C) <u>Market Value</u> (\$ Billion)	(D) <u>New Policy</u> <sup>1</sup> (\$ Billion)	(E) Difference <u>(D-C)</u> (\$ Billion)
Total Cash Equivalents	1.3 %	2.5	0.0	-2.5
Total AIM: Direct/Partnership	5.1	10.0	11.6	1.7
Total Global Fixed Income	25.3	49.1	50.4	1.3
Equities				
Domestic <sup>2</sup>	40.1	77.7	77.5	-0.2
International	<u>23.3</u>	<u>45.2</u>	<u>38.8</u>	<u>-6.5</u>
Total Equities	63.4	122.9	116.3	-6.6
Total Real Estate	4.8	9.4	15.5	6.1
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Total Equities & Real Estate	68.3	132.3	131.8	-0.5
	<hr/>	<hr/>	<hr/>	
Total Fund	<u>100.0 %</u>	<u>193.8</u>	<u>193.8</u>	

<sup>1</sup> New Policy: Strategic asset allocation targets effective January 1, 2005.

<sup>2</sup> Included is MDP Investment: LM Capital Investment: Total Market Value= **\$178.4M**.

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# MONTHLY PROGRESS REPORT

## ASSET ALLOCATION<sup>1</sup>

As of October 31, 2005

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>9/30/2005 Market Value (\$ Billion)</u>	<u>10/31/2005 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	0.8	2.5	1.7	0.0
Total AIM: Direct/Partnership	9.3	10.0	0.6	11.6
Total Global Fixed Income	50.1	49.1	-1.0	50.4
Equities				
Domestic <sup>2</sup>	79.2	77.7	-1.5	77.5
International	<u>46.7</u>	<u>45.2</u>	<u>-1.5</u>	<u>38.8</u>
Total Equities	126.0	122.9	-3.0	116.3
Total Real Estate	9.4	9.4	0.0	15.5
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Total Equities & Real Estate	135.3	132.3	-3.0	131.8
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Total Fund	<u>195.5</u>	<u>193.8</u>	-1.7	<u>193.8</u>

<sup>1</sup> Monthly progress report toward new policy targets.

<sup>2</sup> Included is MDP Investment: LM Capital Investment: Total Market Value=\$178.4M.

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# BOOK VS MARKET VALUE

As of October 31, 2005

<b>(A)</b> <b><u>Asset Class</u></b>	<b>(B)</b> <b><u>Book</u></b> <b><u>Value</u></b> <b>(\$ Billion)</b>	<b>(C)</b> <b><u>Market</u></b> <b><u>Value</u></b> <b>(\$ Billion)</b>	<b>(D)</b> <b><u>Difference</u></b> <b><u>(C - B)</u></b> <b>(\$ Billion)</b>
<b>Total Cash Equivalents</b>	<b>2.5</b>	<b>2.5</b>	<b>0.0</b>
<b>Total AIM: Direct/Partnership</b>	<b>11.6</b>	<b>10.0</b>	<b>-1.7</b>
<b>Total Global Fixed Income</b>	<b>49.1</b>	<b>49.1</b>	<b>0.0</b>
Equities			
Domestic <sup>1</sup>	<b>46.6</b>	<b>77.7</b>	<b>31.1</b>
International	<b><u>35.7</u></b>	<b><u>45.2</u></b>	<b><u>9.6</u></b>
<b>Total Equities</b>	<b>82.3</b>	<b>122.9</b>	<b>40.7</b>
<b>Total Real Estate</b>	<b>7.6</b>	<b>9.4</b>	<b>1.8</b>
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<b>Total Equities &amp; Real Estate</b>	<b>89.8</b>	<b>132.3</b>	<b>42.5</b>
	<hr/>	<hr/>	<hr/>
<b>Total Fund</b>	<b><u><u>153.0</u></u></b>	<b><u><u>193.8</u></u></b>	<b>40.8</b>

<sup>1</sup> Included is MDP Investment- LM Capital Investment: Total Book Value=~~\$181.3M~~, Total Market Value=~~\$178.4M~~.

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# GROSS PERFORMANCE VS EXPECTED RETURNS

One Year  
November 1, 2004 to October 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return<sup>1</sup></u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	1.3 %	3.1 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	23.4	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	25.3	2.5	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.1	10.4	9.6	17.0	-7.4 - 26.6
International	23.3	22.8	9.1	19.5	-10.4 - 28.6
Total Equities	63.4	15.2			
Total Real Estate	4.8	53.5	8.5	14.0	-5.5 - 22.5
Total Fund	100.0	13.6	8.8	12.2	-3.4 - 21.0

<sup>1</sup> Asset Allocation Workshop, October 2004

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# NET PERFORMANCE VS EXPECTED RETURNS

One Year  
November 1, 2004 to October 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return<sup>1</sup></u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	1.3 %	3.1 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.1	23.4	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	25.3	2.4	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.1	10.4	9.6	17.0	-7.4 - 26.6
International	<u>23.3</u>	<u>22.7</u>	9.1	19.5	-10.4 - 28.6
Total Equities	63.4	15.1			
Total Real Estate	4.8	42.5	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>13.1</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

<sup>1</sup> Asset Allocation Workshop, October 2004

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# GROSS RETURNS

One Year

November 1, 2004 to October 31, 2005

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses<sup>1</sup> (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	3.10%	0.00%	3.10%
Total AIM	23.42%	0.00%	23.42%
Total Global Fixed Income	2.46%	0.02%	2.44%
Equities			
Domestic	10.41%	0.02%	10.39%
International	<u>22.77%</u>	<u>0.07%</u>	<u>22.70%</u>
Total Equities	15.19%	0.05%	15.14%
Total Real Estate	53.51%	11.06%	42.45%
	<hr/>	<hr/>	<hr/>
Total Fund	13.60%	0.53%	13.07%

<sup>1</sup> Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**CIO REPORT**  
**GROSS RATES OF RETURN**  
**Period Ending October 31, 2005**  
**Investment Committee Meeting December 2005**

	<b>MKT VAL</b> <b>(000'S)</b>	<b>One Month</b> <b>Oct 05</b>	<b>QTR</b> <b>Aug - Oct 05</b>	<b>FYTD</b> <b>05-06</b>	<b>CYTD</b> <b>2005</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
<b>TOTAL PLAN</b>									
SJ1CA1 TOTAL FUND	193,823,578	-1.34	1.11	3.43	6.66	13.60	14.76	4.48	9.27
CALPERS POLICY INDEX		-1.45	0.36	2.56	4.78	11.07	13.18	3.62	8.27
ACTUAL WEIGHTED TOTAL FUND INDEX		-1.62	0.24	0.91	1.18	7.64	12.15	3.01	8.13
<b>GLOBAL EQUITY</b>									
<b>DOMESTIC</b>									
SH8CA1 TOT DOM EQ+IND HG+ENV EX VENT, HDG, CG	74,410,162	-1.64	-1.81	2.20	2.09	10.41	14.39	-0.63	9.53
WILSHIRE 2500 EX TOBACCO (BLENDED)		-1.67	-1.91	2.07	2.03	10.34	14.24	-1.03	9.19
<b>INTERNATIONAL - EXTERNAL</b>									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	37,055,222	-3.55	3.84	7.86	8.21	21.11	22.78	4.32	7.01
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	37,431,285	-3.23	4.09	8.24	10.54	22.77	21.65	3.51	7.36
CALPERS FTSE A-W X US/SSGA BLEND		-3.50	3.64	7.54	7.57	20.24	23.00	4.35	6.95
<b>INTERNATIONAL - INTERNAL</b>									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	5,473,615	-3.13	3.81	7.30					
CALPERS FTSE DEV WORLD EX US & TOBACCO		-3.13	3.71	7.17					
SWCG INTERNATIONAL EQUITY TRANSITION	261,370	-4.15							
<b>HEDGE FUND INVESTMENTS</b>									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	1,506,025	-1.69	0.79	3.21	6.31	11.94	10.58		
TOTAL ARS PROGRAM BLENDED INDEX		0.53	1.81	2.22	5.80	6.67	10.84		
<b>CORPORATE GOVERNANCE</b>									
SWMKA1 CORPORATE GOVERNANCE	3,659,139	-0.85	5.30	5.03	14.35	31.69	29.85	16.07	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		-0.98	4.57	8.13	8.86	18.79	19.18	3.11	
<b>MDP DOM FIXED INCOME-NVESTMENTS</b>									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	178,407	-0.74	-0.30	-1.09	0.43	0.90	6.01		
CITIGROUP BROAD INVESTMENT GRADE		-0.77	-0.57	-1.45	1.12	1.24	3.96	6.37	6.35
<b>GLOBAL FIXED INCOME</b>									
<b>DOMESTIC</b>									
SJDKA1 TOTAL DOM FIXED	43,849,954	-0.71	-0.61	-1.69	2.25	2.98	7.92	8.08	7.47
CALPERS CUSTOM LEH LPF		-1.37	-1.24	-2.65	1.59	2.11	5.50	7.66	7.08
<b>INTERNATIONAL</b>									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,400,181	-2.09	-2.25	-3.10	-8.04	-1.97	9.63	9.12	5.46
CALPERS WORLD GOVT EX US		-2.06	-2.34	-3.16	-8.54	-2.32	8.87	8.71	4.64
<b>CASH EQUIVALENTS</b>									
SJVKA1 TOTAL CASH	2,303,255	0.47	1.10	1.37	2.73	3.10	1.92	2.72	4.29
CALPERS CUSTOM STIF NET OF FEES		0.32	0.91	1.18	2.49	2.81	1.68	2.39	3.97
<b>ALTERNATIVE INVESTMENTS</b>									
SJAIM AIM COMPOSITE	9,951,015	5.52	8.10	7.76	22.92	23.42	12.37	1.08	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,874,777	5.64	8.22	7.76	23.22	23.42	12.27	1.36	12.88
PERS WILSHIRE 2500/CYFU BLEND		1.66	5.06	6.81	16.56	19.34	8.38	-3.22	7.97
SW2V AIM DISTRIBUTION STOCK	76,237	-8.06	-6.81	-0.22	1.13	9.13	20.87	-10.98	
<b>REAL ESTATE</b>									
SW3CA1 CORE REAL ESTATE	5,297,062	-0.03	16.31	16.48	48.60	57.40	23.77	19.99	16.52
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,069,205	-0.21	6.22	7.51	31.09	39.53	26.66	16.25	15.48
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.34	5.34	14.12	18.02	12.08	10.63	11.37

<sup>(1)</sup> SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.  
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**CIO REPORT**  
**NET RATES OF RETURN**  
**Period Ending October 31, 2005**  
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ACTUAL WEIGHTED TOTAL FUND INDEX		-1.62	0.24	0.91	1.18	7.64	12.15	3.01	8.13
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<b>DOMESTIC</b>									
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WILSHIRE 2500 EX TOBACCO (BLENDED)		-1.67	-1.91	2.07	2.03	10.34	14.24	-1.03	9.19
<b>INTERNATIONAL - EXTERNAL</b>									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	37,055,222	-3.55	3.82	7.85	8.17	21.05	22.71	4.27	6.96
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CALPERS FTSE A-W X US/SSGA BLEND		-3.50	3.64	7.54	7.57	20.24	23.00	4.35	6.95
<b>INTERNATIONAL - INTERNAL</b>									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	5,473,615	-3.13	3.81	7.30					
CALPERS FTSE DEV WORLD EX US & TOBACCO		-3.13	3.71	7.17					
SWCG INTERNATIONAL EQUITY TRANSITION	261,370	-4.15							
<b>HEDGE FUND INVESTMENTS</b>									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	1,506,025	-1.69	0.74	3.14	6.15	11.74	10.23		
TOTAL ARS PROGRAM BLENDED INDEX		0.53	1.81	2.22	5.80	6.67	10.84		
<b>CORPORATE GOVERNANCE</b>									
SWMKA1 CORPORATE GOVERNANCE	3,659,139	-0.85	5.30	5.02	14.11	31.33	29.21	15.53	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		-0.98	4.57	8.13	8.86	18.79	19.18	3.11	
<b>MDP DOM FIXED INCOME-NVESTMENTS</b>									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	178,407	-0.74	-0.34	-1.13	0.32	0.75	5.78		
CITIGROUP BROAD INVESTMENT GRADE		-0.77	-0.57	-1.45	1.12	1.24	3.96	6.37	6.35
<b>GLOBAL FIXED INCOME</b>									
<b>DOMESTIC</b>									
SJDKA1 TOTAL DOM FIXED	43,849,954	-0.71	-0.61	-1.69	2.24	2.97	7.90	8.07	7.47
CALPERS CUSTOM LEH LPF		-1.37	-1.24	-2.65	1.59	2.11	5.50	7.66	7.08
<b>INTERNATIONAL</b>									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,400,181	-2.10	-2.27	-3.12	-8.09	-2.05	9.55	9.04	5.38
CALPERS WORLD GOVT EX US		-2.06	-2.34	-3.16	-8.54	-2.32	8.87	8.71	4.64
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SJVKA1 TOTAL CASH	2,303,255	0.47	1.10	1.37	2.73	3.10	1.92	2.72	4.29
CALPERS CUSTOM STIF NET OF FEES		0.32	0.91	1.18	2.49	2.81	1.68	2.39	3.97
<b>ALTERNATIVE INVESTMENTS</b>									
SJAIM AIM COMPOSITE	9,951,015	5.52	8.09	7.75	22.90	23.40	12.35	1.07	
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,874,777	5.64	8.22	7.76	23.22	23.42	12.27	1.36	12.88
PERS WILSHIRE 2500/CYFU BLEND		1.66	5.06	6.81	16.56	19.34	8.38	-3.22	7.97
SW2V AIM DISTRIBUTION STOCK	76,237	-8.22	-6.97	-1.10	-0.01	7.89	19.75	-11.89	
<b>REAL ESTATE</b>									
SW3CA1 CORE REAL ESTATE	5,297,062	-0.03	13.36	13.53	38.49	46.28	19.98	17.25	14.77
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,069,205	-0.21	4.93	6.21	21.69	28.65	21.11	12.31	12.81
NCREIF PROPERTY 1 QTR LAG INDEX		0.00	5.34	5.34	14.12	18.02	12.08	10.63	11.37

<sup>(1)</sup> SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.  
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

**CALPERS INVESTMENT IN CALIFORNIA as of October 31, 2005**

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)<sup>1</sup> (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
<b>Real Estate - Mortgages</b>					
AFL-CIO (HIT)	98.9	N/A	62.5	63	Union related mortgage fund
CA Community Mortgage Fund	35.0	35.0	35.0	100	Small commercial and multi-family residential mortgages to economically targeted areas
Commercial (Whole Loans/MBS)	644.4	739.2	739.2	N/A	Commercial whole loans, mortgage backed securities and Great Northern program.
Member Home Loan Program	1,356.7	N/A	N/A	N/A	Housing loans for PERS members (includes \$.89 mill of single family MBS)
Ullico	<u>17.2</u>	<u>17.2</u>	<u>17.2</u>	<u>100</u>	No new additional commitments will be issued as of 3/27/98. All commitments issued.
<b>Subtotal</b>	2,152.2	791.4	853.9	40 %	
<b>Core Portfolio</b>					
AFL-CIO (BIT)	124.1	N/A	23.1	19	Union related mortgage funds
CORE - Equity	4,919.7	2,381.1	2,381.1	48	CORE Equity programs
PREES- REITS	421.7	218.9	218.9	52	Public companies
<b>Non-Core Portfolio</b>					
Senior Housing	214.6	64.5	64.5	30	\$200m program approved in 6/00 by Investment Committee, approximately 15-20% of which will be CA based. Program to acquire/develop senior housing facilities throughout the United States. Leverage up to 65% loan to portfolio value for company level distributions. 65% top be used on all acquisition/development going forward.
<b>California Urban Real Estate- (CURE)</b>					
Pacific City Homes	54.3	200.0	54.3	100	Approved 6/01, pending final contract execution, CityHome Partners will focus on developing affordable, for sale, single-family residential communities in urban infill locations throughout California.
Bridge	32.4	100.0	32.4	100	Approved 6/00 by Investment Committee, contract finalized 1/01. Program focusing on early phase capital for the development of affordable housing in urban California. Subsequent to 09/30/02, Bridge invested approximately 11.9 million in the CURE program.
Buchanan Urban Investors	142.2	350.0	142.2	100	Buchanan Urban Investors provides financing for multifamily, industrial, retail, office, mixed use, and storage facilities in urban
CalSmart	158.3	410.0	158.3	100	Program for a broad variety of urban infill development/redevelopment throughout California.
Capri Capital Partners	38.6	60.0	38.6	100	Approved in 06/01 by the Investment Committee. Capri's focus is promoting mezzanine debt for multi-family projects. Subsequent to 09/30/02, Capri invested approximately \$3.9 million in the CURE program.
CIM	187.4	405.0	187.4	100	Approved 6/00 by Investment Committee, contract executed 12/01/00. Program for urban development of street retail and mixed use development/redevelopment properties.
CUIP	280.3	N/A	280.3	100	Urban Infill Investments in California urban areas
Institutional Housing Partners IV	7.0	40.0	7.0	100	Approved in 6/01, IHP will focus on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.
Kennedy Office Development	38.6	150.0	38.6	100	Approved 6/00 by Investment Committee. Program for development/redevelopment of urban office, office r&d and industrial properties
Klein Financial Corporation JV	1.8	50.0	1.8	100	CURE-Affordable Multifamily Housing/ 60% Leverage
Legacy Partners	11.3	70.0	11.3	100	CURE-Affordable Multifamily Housing/ 60% Leverage
R Street Residential	20.0	N/A	20.0	100	
<b>Housing</b>					
Acquisition & Development	32.8	32.8	32.8	100	California land acquisition & development program
National Housing	1,477.2	447.9	447.9	30	Program updated as of 10/99. Single family housing/land development nationwide with emphasis on California.
Single Family Housing	58.5	58.5	58.5	100	California Single Family Housing program

**CALPERS INVESTMENT IN CALIFORNIA as of October 31, 2005**

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)<sup>1</sup> (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
<b>Natural Resources</b>					
Agricultural	121.7	92.1	69.1	57	Pacific Vineyard Partners will acquire and develop vineyards for high end wineries. The program will sell off the developed land to interested parties upon full maturity of the vineyards, approximately 7 years. Leverage max 35% loan to portfolio value.
Timber	136.2	N/A	N/A	N/A	Timber holdings in conjunction with advisory firms throughout the United States. Up to 40% approved at the discretion of SIO. Most likely will use 35% leverage on all acquisition/development. Up to 25% loan to portfolio value for company level debt, policy allows for up to 40%. Most likely will use 20-25% leverage going forward.
<b>Opportunistic</b>					
DIVCO West	10.6	13.4	1.9	N/A	Opportunity Fund FUND focused on buying distressed high-tech Silicon Valley properties for releasing and repositioning.
Other Opportunistic Real Estate	617.3	200.0	96.9	N/A	
<b>International</b>					
International Real Estate	441.2	N/A	N/A	N/A	International real estate.
<b>Subtotal</b>	<u>9,548.2</u>	<u>5,344.3</u>	<u>4,367.0</u>	<u>46</u> %	Real estate commitment values
SW6KRE - CORE MV Adjustment	143.9				
SW8KRE - SPECIALIZED MV Adjustment	<u>-325.7</u>				
<b>Total Real Estate</b>	<b>11,518.5</b>	<b>6,135.6</b>	<b>5,220.9</b>	<b>45</b> %	
<b>AIM: Partnership Component</b>	9,951.0	2,000.0	1,500.0	15	Includes commitments through October 31, 2005
<b>Domestic Equity</b>	77,701.1	10,101.1	10,101.1	13	CA investment assumed to be 13% of total portfolio value
<b>International Equity</b>	<u>45,248.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
<b>Total Equities</b>	<u><b>132,900.3</b></u>	<u><b>12,101.1</b></u>	<u><b>11,601.1</b></u>	<u><b>9</b></u> %	
<b>Total Real Estate &amp; Equities</b>	<b>144,418.9</b>	<b>18,236.8</b>	<b>16,822.1</b>	<b>12</b> %	<b>Of total portfolio CA investments in real estate &amp; equities: 8.7%</b>
<b>Cash Equivalents</b>	2,501.2	0.0	0.0	0	On deposit at the Treasurer's Office: \$757.09
<b>Domestic Fixed Income</b>					
Corporate Bonds	20,963.5	394.9	394.9	2	Companies headquartered in CA
Mortgage Pass-Throughs/CMOs	12,247.4	2,449.4	2,449.4	20	CA investment assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	298.4	0.0	0.0	<u>0</u>	
Treasury Bonds	<u>8,010.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
<b>Subtotal</b>	41,519.9	2,844.3	2,844.3	7 %	
<b>International Fixed Income</b>	<u>5,400.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
<b>Total Global Fixed Income</b>	<b>46,920.1</b>	<b>2,844.3</b>	<b>2,844.3</b>	<b>6</b> %	
<b>TOTAL</b>	<b>193,840.1</b> =====	<b>21,081.1</b> =====	<b>19,666.4</b> =====	<b>10</b> % =====	<b>Outstanding commitments (column E/column C): 10.9%</b>

<sup>1</sup> Total actual investments at market value and outstanding program commitments in California

**INVESTMENT OPERATIONS  
Status Report**

Program	Status/Comments
<b>Master Custody Services RFP Status</b>	The Master Custody Services RFP was posted on August 15, 2005. The proposal deadline was October 5, 2005. Six proposals were received and are being evaluated. Interviews were held the week of November 14 and on-site due diligence visits are scheduled for the week of December 4. Announcement of Master Custodian selection to the Investment Committee is scheduled for February 13, 2006.
<b>Consultant Conflict of Interest Protocol</b>	Letters to all consultants advising them of the new protocol and seeking follow-up information were mailed on July 18, 2005. Follow-up letters to those who had not yet responded were sent on September 26, 2005. We have now received responses from all consultants
<b>Diversity Workshop</b>	Held November 14, 2005.
<b>Diversity Conference</b>	Conference date and location have been selected. The conference will be April 24-25, 2006 in San Jose, California.

**OPEN SESSION**  
**Chief Investment Officer's / Assistant Executive Officer's Report**  
**DISCLOSURE OF CLOSED SESSION ACTION ITEMS**

<b>Investment Committee Meeting</b>	<b>Agenda Item</b>	<b>Investment Committee Action</b>	<b>Vote</b>
Closed December 13, 2004	Global Equity – Domestic Corporate Governance Fund	Approved up to a \$200 million investment in the New Mountain Governance Fund subject to successful negotiation of satisfactory legal terms and conditions.	Roll Call Vote: YES – Abrams, Carlson, Diehr, Eliopoulos, Endsley, Harrigan, Higa, Mathur, Quevedo, Shimada, Valdes
Executive Closed November 14, 2005	Chief Investment Officer – Recruitment	Approved the use of a search firm to conduct a full global search for a new Chief Investment Officer and adopted a procedure under which Board members are prohibited from communicating with candidates outside the selection process about the position or the selection process.	Roll Call Vote: YES – Alvarado, Berte, Carlson, Diehr, Eliopoulos, Endsley, Feckner, Higa, Mathur, Oliveira, Quevedo, Shimada, Valdes
Executive Closed November 14, 2005	Chief Investment Officer – Interim CIO	Appointed Anne Stausboll as the Interim Chief Investment Officer, effective immediately.	Roll Call Vote: YES – Alvarado, Berte, Carlson, Diehr, Eliopoulos, Endsley, Feckner, Higa, Mathur, Oliveira, Quevedo, Shimada, Valdes